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SUBJECT: DPJ'S HATOYAMA EXPLAINS DPJ VIEWS ON ELECTIONS,
DIET, ISAF

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d)

Summary and Comment

¶1. (C) Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama gave his views on the July Upper House election, DPJ preparations for the next general election, the DPJ's handling of the current Diet session, and the new anti-terrorism legislation to an audience of journalists, businessmen, and diplomats on October 15. He also discussed the timing of the Lower House dissolution, the reinvigoration of Japan, and the DPJ's proposal to participate in the International Security Assistance Force (ISAF) in Afghanistan.

¶2. (C) Hatoyama spoke candidly about the DPJ's successful takeover of the Upper House, acknowledging that LDP failings had helped but crediting DPJ head Ichiro Ozawa with a masterful plan to campaign hard in the regions. Hatoyama confirmed his hope that a Lower House election will take place after the budget is passed in April 2008 and that the DPJ might negotiate for the election in exchange for passing budget implementation legislation. He failed to answer some of the tough questions raised by the audience such as how Japan could participate in ISAF without violating the Constitution. He also alluded to but did not fully explain a DPJ proposal to raise the consumption tax gradually over 40 years as a flexible source of funding for the government.
End Summary and Comment.

Upper House Election Win ...

¶3. (C) DPJ Secretary General Yukio Hatoyama spoke before a large audience at the Yomiuri International Economic Society lunch on October 15. He began with a discussion of the DPJ's

success in the July Upper House election, noting that the opposition party had increased its number of seats in every election after learning an important lesson from the crushing defeat the DPJ suffered in the 2005 Lower House election. That lesson was that "youth must be balanced with experience," which resulted in the emergence of Ichiro Ozawa as the DPJ's party leader. Ozawa's leadership has allowed the DPJ to cast aside its image of disunity and has brought members together with the message "we must win (the next general election)." Hatoyama added that the DPJ must win to survive.

... Thanks to Abe and Ozawa

14. (C) Hatoyama admitted candidly that the DPJ's victory in July had been helped by the scandals and inappropriate comments made by former Prime Minister Shinzo Abe's cabinet ministers and others connected to his administration. Hatoyama said politics and money were the two main issues that brought down the previous cabinet. During election campaigning, Abe wrongly claimed that the public welcomed his "so-called structural reform," said Hatoyama. The DPJ meanwhile had a natural, easy-to-understand message that focused on three core policies: the pension issue, agricultural reform and child benefits. Hatoyama described Ozawa as an "election god" and revealed that during the campaigning Ozawa instructed DPJ Deputy President Naoto Kan and Hatoyama to visit only urban centers while Ozawa visited mostly rural areas and skillfully made use of the reporters who accompanied him.

General Election Preparation Underway

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15. (C) Hatoyama declared that the DPJ's most important goal in the next Lower House election is to win over 151 seats out of the 300 total. "Winning is the only remedy for everything," he said. So far, the DPJ has over 200 candidates for the single seat districts and needs about 100 more to fill all the districts. The DPJ does not feel compelled to establish candidates in every district, however, since that would dilute the party's resources and power. Hatoyama said it is much more important to have strong candidates in the more than 151 single-seat districts the DPJ can surely win. He thought the DPJ could easily fill another 40-50 districts and then would consider cooperating with other opposition parties such as the People's New Party and the New Party Japan for the remaining districts. Without being specific, Hatoyama implied that the DPJ would have trouble coordinating with the Social Democratic Party (SDP) because placing DPJ candidates in SDP strongholds would threaten SDP proportional votes and weaken the SDP party after the election.

DPJ-JCP Coalition Unlikely

16. (C) As for the new Japanese Communist Party (JCP) policy not to field candidates in all 300 single-seat districts, Hatoyama commented it was probably due to the JCP's financial difficulties. Hatoyama thought cooperating with the JCP would be very difficult, saying that it would put the DPJ's true value into question, although he did not completely rule out the possibility of such cooperation.

DPJ Feeling Its Oats in Diet

17. (C) Prime Minister Yasuo Fukuda hopes to have close consultations with the opposition in the current Diet session, but Hatoyama labeled this a "clinch" strategy that would not benefit the opposition and is therefore unacceptable. However, politics is for the people, so the

DPJ may choose to consult with the ruling coalition on some issues. The DPJ proposal on the issue of politics and money might be one example where the coalition is willing to make concessions, he said, and revealed that a senior LDP member had told Hatoyama that the LDP is willing to accept the entire DPJ proposal. Both parties agree that any political expenditure of more than one yen must have receipts attached, but the DPJ proposal, he explained, calls for making all political expenditures transparent while the coalition wishes to limit the extent to which the information is made public. Nevertheless, Hatoyama said the current Diet session needs to enact a bill and the DPJ might be willing to compromise in order to avoid betraying the public's expectations.

Appreciation Lacking in Afghan Re-fueling

18. (C) Hatoyama attempted to clear up any misunderstanding that the DPJ opposed the new anti-terrorism legislation for the sake of opposing it. He explained that he had visited Afghanistan twice and met Afghan President Karzai. Karzai expressed his appreciation for Japan's contribution to the Disarmament, Demobilization, Reintegration (DDR) effort, but made no mention of Japan's refueling contribution. (Note: Kenji Isezaki, former head of Japan's DDR effort, claimed Karzai was unaware of Japan's refueling mission until September 2003 and that most Afghans are similarly uninformed. End Note.) Hatoyama compared Japan's OEF contribution to the first Gulf War, which he claimed also

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went unappreciated by the Kuwaiti government.

Held Out for Diet Approval after 9/11

19. (C) Hatoyama acknowledged the 9/11 attack had been a great shock to Japan and should never be repeated. As head of the DPJ at the time, Hatoyama had negotiated with then-Prime Minister Koizumi and his cabinet on the eradication of terrorism. Hatoyama had given his blessing on the bill with the condition that it have prior Diet approval, but Koizumi rejected the idea, forcing the DPJ to oppose the final legislation. Six years later, with the benefit of time, Hatoyama said the UN has not clearly stipulated or approved the Indian Ocean operation and this is the main reason the DPJ opposes it. In addition, Hatoyama argued that it is questionable whether the current fight against terrorism is working and he pointed out that the number of terrorist activities is increasing sharply. Wars between countries come to an end, but with terrorists, supported by their families and friends, the chain of hatred never ends, he said.

Supports ISAF Participation ...

110. (C) Hatoyama called for Japan to participate in security maintenance in Afghanistan or ISAF's provincial reconstruction teams, which have the UN's backing. Hatoyama admitted that Japan's activities would be restricted by the Constitution's Article 9, but said that the DPJ would come up with detailed plans, including Japan's participation in ISAF, around October 17 or 18. Hatoyama was uncertain whether the DPJ would compile the ideas into a bill because that requires internal party discussion.

111. (C) Hatoyama later clarified that the DPJ has not yet decided whether the Ground Self-Defense Forces (GSDF) should participate in ISAF. He acknowledged that GSDF participation would stir up the most controversy but remained an option. He also said that the DPJ needed to further discuss how Japan could join multilateral forces rather than only UN military forces.

... And Defends Ozawa's Hard Line

¶12. (C) Hatoyama said Ozawa's call for politicians to leave the party if they do not support ISAF participation is an overstatement at a time when DPJ leaders are trying to unite the party, but he argued that it comes from Ozawa's strong intention to keep the promises made in the DPJ's election manifesto. Hatoyama added that it is only natural for members of a party to have differing opinions, but once a final decision is made, members should follow it and make efforts to implement the decision. Hatoyama also commented that the DPJ would introduce as many bills as possible in line with the party's manifesto.

¶13. (C) Hatoyama concluded that the most important task is to eradicate terrorism, and the key to that is the eradication of poverty. It is only natural for Japanese public opinion to be split over the anti-terrorism legislation but he hopes the DPJ's counter-proposal will provide the public with food for thought and help them judge which is better.

Pass the Budget and Dissolve the Lower House

¶14. (C) Hatoyama argued that PM Fukuda must not introduce his
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own manifesto without an election because former PM Abe's manifesto was voted down in the July election. Hatoyama thought that Fukuda would dissolve the Lower House in April after the budget passed because this timing is the most easily understood by the public. Even if the budget passes the Diet, other budget-related bills cannot pass without Upper House approval, which will prevent budget implementation from going smoothly.

¶15. (C) During the Q&A session, Hatoyama admitted that the DPJ would insist on the dissolution of the Lower House in exchange for budget passage. He thought budget passage would come first in order to avoid public criticism. Hatoyama said that the anti-terrorism bill was no longer the trigger for dissolving the Lower House that it had been while PM Abe was in power. He also admitted that PM Fukuda might wait to call a snap election until it gives the ruling coalition the best possible advantage in maintaining its Lower House majority.

Plans for Reinvigorating Japan

¶16. (C) Hatoyama concluded with a discussion of the DPJ's goal to promote a region-led reinvigoration of Japan. He argued in favor of the regional block system and a devolution of power from the central government to the regions. Problems should be solved locally and Tokyo's intervention should only occur when necessary, he insisted, adding that the process of minimizing national intervention should coincide with the reduction in the number of bureaucrats and Diet members. Hatoyama promised that the DPJ would continue to advance policies to completely change Japanese government.

LDP's Mishandling of the Pension Issue

¶17. (C) Hatoyama called the Fukuda cabinet's handling of the pension issue insufficient. The number of participants in the national pension plan is decreasing, which proves the pension system is collapsing, he argued. The pension system must be supported by the consumption tax, he added, but there was still no need for a consumption tax increase at this time.

40-Year Plan for Consumption Tax

¶18. (C) During Q&A Hatoyama repeated that the DPJ has no plans to increase the consumption tax as a way to raise funds for their proposals. Instead, the DPJ would propose a

40-year transition period during which the consumption tax would rise gradually in accordance with fiscal needs. In addition, the DPJ wants to cut subsidies and eliminate public corporations. He said that the DPJ is in the middle of examining the value of each special public corporation to identify which could be abolished or privatized.

SCHIEFFER